



SF 372 – Durable Medical Equipment Provider Licensing (LSB1109SV)
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Fiscal Note Version – New

Description

Senate File 372 establishes a licensing procedure, standards of practice, and board for durable medical equipment providers in the new Iowa Code chapter **154G**. The Iowa Department of Public Health (IDPH) will be responsible for administering the new Board of Durable Medical Equipment Providers. The Bill requires a person or business that provides durable medical equipment to the public to have a license issued by the Board. If a person or business has multiple locations, each location must have a license. The Bill provides that the initial establishment of the Board is effective on enactment and that the effective and implementation date of licensure is January 1, 2016.

Background

Durable medical equipment (DME) is defined as any product reimbursed under **Medicare Part B DME Benefits** and any product as defined by the federal **Food, Drug, and Cosmetics Act**, or **reimbursed by Medicaid**. This generally includes hospital beds, oxygen, walkers, continuous positive airway pressure machines, customized wheelchairs, and related seating and positioning devices. This does not include prosthetics, orthotics, or any splints, braces, or aids custom-fitted or custom-fabricated by licensed health care practitioners or commercially available noncustomized splints, braces, or aids prescribed by a licensed health care practitioner.

Iowa Code section **3.20** requires the General Assembly to use the following principles in determining whether a procedure should be established and the type of procedure that should be established, for the state licensure of an occupation or profession:

- The state will engage in licensing procedures for professions and occupations where it believes it can assure an objective and measurable level of competence concerning the public health, safety, and well-being which other sources cannot effectively provide.
- The licensing board will pursue a meaningful examination and enforcement procedure that upholds the level of competency of the licensee to ensure public interest is protected.

Iowa Code section **147.25** deals with fees of licensing boards and requires fees to be sufficient to cover the expenditures of the board licensure and administration.

Assumptions

- Staff in the IDPH Licensing Bureau is at capacity for the number of boards that can be administered. A Board Executive (Executive Officer 1) will provide administrative support functions of the board and conduct inspections of provider locations. A Licensure Specialist (Clerk Specialist) will manage license applications and process licensure fees and other issues. Minimal additional staff will also be utilized to oversee and support the Board. The IDPH will also have employee startup and indirect costs.
- The Board will require IT (information technology) services for updating the licensing system to track the new licenses.
- No revenue will be generated by fees until November 2015. Fee revenue will be distributed across two fiscal years.
- Initially, 138 persons and businesses will seek licensure.

Fiscal Impact

The table below outlines the projected fee revenue and expenditures for the new Board. The net impact or need shown in the following table represents the total estimated General Fund impact or need for FY 2016 and FY 2017,

	<u>FY 2016</u>	<u>FY 2017</u>
Revenue		
License Fee	\$ 20,700	\$ 20,700
Initial Inspection	27,600	27,600
Total Revenue	<u>\$ 48,300</u>	<u>\$ 48,300</u>
Expenses		
Board Executive	\$ 67,100	\$ 67,100
Licensure Specialist	45,300	45,300
Shared Staff, Support, Board Expense, Employee Startup & Indirect	47,870	45,770
IT Services	19,100	1,200
Total Expense	<u>\$ 179,370</u>	<u>\$ 159,370</u>
NET IMPACT	<u>\$ (131,070)</u>	<u>\$ (111,070)</u>

Sources

Iowa Department of Public Health
Iowa Workforce Development
Criminal & Juvenile Justice Planning Division

/s/ Holly M. Lyons

March 23, 2015

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
